Financial Statements of

CIC WLSVF HOLDINGS INC.

Year ended December 31, 2004

KPMG LLP
Chartered Accountants
2000 - 1881 Scarth Street
Regina SK S4P 4K9

Telephone (306) 791-1200
Fax (306) 757-4703
Internet www.kpmg.ca

AUDITORS' REPORT

To the Members of the Legislative Assembly, Province of Saskatchewan

We have audited the statement of financial position of CIC WLSVF Holdings Inc. as at December 31, 2004 and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Regina, Canada

April 15, 2005

KPMG LLP, a Canadian limited liability partnership, is the Canadian member firm of KPMG International, a Swiss cooperative.

CIC WLSVF HOLDINGS INC.

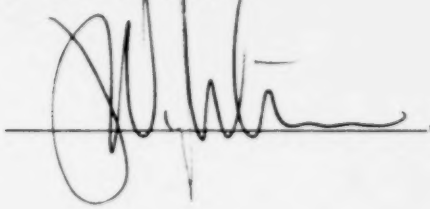
STATEMENT OF FINANCIAL POSITION

As at December 31

	2004	2003 (Restated Note 3)
ASSETS		
Investment - equity basis (Note 4)	$ 2,746,994	$ 1,764,932
LIABILITIES AND SHAREHOLDER'S EQUITY		
Due to Investment Saskatchewan Inc., without interest	$ 6,600,000	$ 3,100,000
Shareholder's equity		
Share capital (Note 5)	1,000,000	1,000,000
Deficit	(4,853,006)	(2,335,068)
	(3,853,006)	(1,335,068)
	$ 2,746,994	$ 1,764,932

(See accompanying notes)

On behalf of the Board:



, Director

, Director

CIC WLSVF HOLDINGS INC.

STATEMENT OF OPERATIONS AND DEFICIT

For the Year Ended December 31

	2004	2003 (Restated Note 3)
REVENUE	$ -	$ -
EXPENSES		
Share of loss from equity investment in Western Life Sciences Venture Fund Limited Partnership (Note 2(b))	2,517,938	1,590,471
NET LOSS	2,517,938	1,590,471
DEFICIT, BEGINNING OF YEAR (Note 3)	2,335,068	744,597
DEFICIT, END OF YEAR	$ 4,853,006	$ 2,335,068

(See accompanying notes)

CIC WLSVF HOLDINGS INC.

STATEMENT OF CASH FLOWS

For the Year Ended December 31

	2004	2003 (Restated Note 3)
OPERATING ACTIVITIES		
Net loss for the year	$ (2,517,938)	$ (1,590,471)
Less share of loss from equity investment in Western Life Sciences Venture Fund Limited Partnership	2,517,938	1,590,471
Cash provided by operating activities	-	-
INVESTING ACTIVITY		
Investment in Western Life Sciences Venture Fund Limited Partnership	(3,500,000)	(1,400,000)
FINANCING ACTIVITY		
Increase in due to Investment Saskatchewan Inc.	3,500,000	1,400,000
NET CHANGE IN CASH	-	-
CASH, BEGINNING OF YEAR	-	-
CASH, END OF YEAR	$ -	$ -

(See accompanying notes)

CIC WLSVF HOLDINGS INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2004

1. Nature of business

CIC WLSVF Holdings Inc. was incorporated under **The Business Corporations Act (Saskatchewan)** on November 6, 2001. The Corporation is a wholly-owned subsidiary of Investment Saskatchewan Inc., a Saskatchewan Provincial Crown corporation. The Corporation is not subject to Federal and Provincial income taxes by virtue of this ownership. The Corporation's accounts are included in the annual consolidated financial statements of Investment Saskatchewan Inc.

The Corporation is a limited partner of Western Life Sciences Venture Fund Limited Partnership. The Fund was established under the laws of the Province of Manitoba, and offers seed capital for human biotechnology, primary pharmaceuticals, biological and nutraceutical products.

2. Significant accounting policies

(a) Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(b) Investment in Western Life Sciences Venture Fund Limited Partnership

The Corporation accounts for its 20.1% (2003 - 22.2%) investment in Western Life Sciences Venture Fund Limited Partnership (the Partnership) using the equity method. The original cost of the investment is adjusted for the Corporation's proportionate share of the Partnership's net earnings or losses and reduced by distributions from the Partnership.

(c) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenses during the reporting period, and disclosed amounts for contingent liabilities. The inherent uncertainty involved in making such estimates and assumptions may impact the actual results reported in future periods.

(d) Fair value of financial instrument

Due to Investment Saskatchewan Inc. is a non-interest bearing liability without a specified maturity date. As there is no planned settlement date, the Corporation is unable to determine the fair value of this financial instrument with sufficient reliability.

3. Change in accounting policy

On January 1, 2004, the Corporation ceased to apply Section 1300 of the Canadian Institute of Chartered Accountants ("CICA") Handbook, *Differential Reporting* and as a result now accounts for its investment in the Partnership on the equity basis rather than the cost basis. The change has been applied retroactively with restatement and has decreased amounts previously reported for Investment – equity basis by $932,435 and increased the net loss by $491,261 and opening deficit by $441,174 for the year ended December 31, 2003.

	2003
Deficit, beginning of year:	
As previously reported	$ 303,423
Adjustment to reflect ceasing application of CICA Handbook Section 1300	441,174
	$ 744,597

4. Investment – equity basis

The Corporation has equity accounted for its investment in the Partnership as discussed in Note 2(b). The book value of the Corporation's investment is as follows:

	2004	2003
Partnership equity balance, beginning of year, as previously stated	$ 2,697,367	$ 2,396,577
Change in accounting policy (Note 3)	(932,435)	(441,174)
Partnership equity balance, beginning of year, restated	1,764,932	1,955,403
Purchase of partnership units	3,500,000	1,400,000
Share of loss from the Partnership	(2,517,938)	(1,590,471)
Partnership equity balance, end of year	$ 2,746,994	$ 1,764,932

The Corporation has committed to invest up to $7.6 million in the Partnership. The Corporation has provided $7.6 million of this commitment to December 31, 2004 (2003 - $4.1 million).

5. Share capital

	2004	2003
Authorized		
Unlimited number of common shares		
Issued and outstanding:		
1,000,000 (2003 - 1,000,000)	$ 1,000,000	$ 1,000,000

6. Related party transaction

Investment Saskatchewan Inc. provides management services to the Corporation without charge.